

**ASSEMBLY BILL**

**No. 153**

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**Introduced by Assembly Member Bonilla**

January 18, 2013

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An act to add Part 8 (commencing with Section 38600) to Division 25.5 of the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 153, as introduced, Bonilla. California Global Warming Solutions Act of 2006: offsets.

The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. The act authorizes the state board to include the use of market-based compliance mechanisms.

This bill, if the state board uses its authority to include the use of market-based compliance mechanisms, would require the state board, on or before January 1, 2014, to adopt a specified process for the review and consideration of new offset protocols and, commencing in 2014 and continuing annually thereafter, use that process to review and consider new offset protocols.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares all of the  
2 following:

3     (a) The California Global Warming Solutions Act of 2006  
4 (Division 25.5 (commencing with Section 38500) of the Health  
5 and Safety Code) requires the state to reduce greenhouse gas  
6 emissions to 1990 levels by 2020.

7     (b) On October 20, 2011, the State Air Resources Board adopted  
8 the final cap-and-trade regulation pursuant to the act, to become  
9 effective January 1, 2012, as required by that act, and also adopted  
10 Resolution 11-32 to require that its executive officer develop  
11 implementation documents laying out the process for the review  
12 and consideration of new offset protocols.

13     (c) The cap-and-trade regulation is part of the state's global  
14 warming scoping plan and is intended to provide covered entities  
15 under the act the flexibility to seek out and implement the  
16 lowest-cost options to reduce greenhouse gas emissions and will  
17 provide an estimated 20 percent of the emissions reductions  
18 required to achieve 1990 emission levels by 2020, as required by  
19 the act.

20     (d) The cap-and-trade regulation allows offset credits to be used  
21 as a means by which parties subject to the regulation can lower  
22 their cost to comply with the regulation while still ensuring a  
23 reduction of greenhouse gas emissions and caps the use of offset  
24 credits at no more than 8 percent of a covered entity's compliance  
25 obligation.

26     (e) The State Air Resources Board has adopted four compliance  
27 offset protocols for use in the United States that can be used to  
28 certify high-quality offset credits that are additional, real,  
29 permanent, quantifiable, verifiable, and enforceable as required  
30 by the California Global Warming Solutions Act of 2006:  
31 Livestock Manure projects, Urban Forests projects, Ozone  
32 Depleting Substances Destruction projects, and Forests projects.

33     (f) While a state comprehensive offset protocol review process  
34 would provide more certainty for carbon dioxide offset suppliers  
35 and purchasers to invest in environmentally worthwhile projects  
36 that meet certain criteria under the California Global Warming  
37 Solutions Act of 2006, it is the intent of the Legislature that only  
38 high-quality offset credits that represent rigorously evaluated offset

1 protocols and that meet the statutory requirements of the act be  
2 allowed for compliance with the cap-and-trade regulation.

3 SEC. 2. Part 8 (commencing with Section 38600) is added to  
4 Division 25.5 of the Health and Safety Code, to read:

5  
6 PART 8. CERTIFICATION OF COMPLIANCE OFFSETS  
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8 38600. (a) On or before January 1, 2014, if the state board has  
9 exercised its authority pursuant to subdivision (a) of Section 38570,  
10 the state board, in accordance with Section 38571, shall adopt a  
11 process for the review and consideration of new offset protocols.  
12 The process shall include, but not be limited to, all of the following:

13 (1) A schedule, to be posted on the state board's Internet Web  
14 site, that depicts the timeline for review and consideration of new  
15 offset protocols by the state board. This schedule shall be updated  
16 regularly and at least annually.

17 (2) An online tracking system that will allow the public to track  
18 the progress of new offset protocols under review and consideration  
19 by the state board.

20 (3) A point of contact at the state board for entities interested  
21 in the process of review and consideration of new offset protocols  
22 by the state board.

23 (4) An explanation of how the review and consideration process  
24 will accommodate public input and comments on new offset  
25 protocols under consideration.

26 (5) An explanation of the criteria used for consideration of new  
27 offset protocols, including, but not limited to, a description of the  
28 standards for protocol approval, rejection, and delay. This  
29 description also shall include, to the extent feasible, a description  
30 of the social, environmental, and financial impacts analysis used  
31 in making offset protocol decisions as well as an estimate of  
32 potential supply and expected development costs.

33 (b) Commencing in 2014, and continuing annually thereafter,  
34 if the state board has exercised its authority pursuant to subdivision  
35 (a) of Section 38570, the state board shall use the process adopted  
36 pursuant to subdivision (a) to review and consider new offset  
37 protocols.